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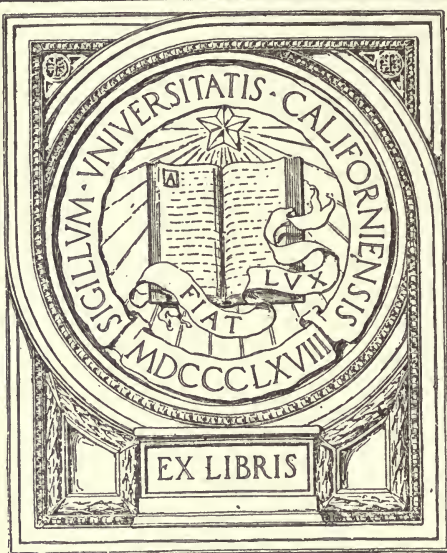
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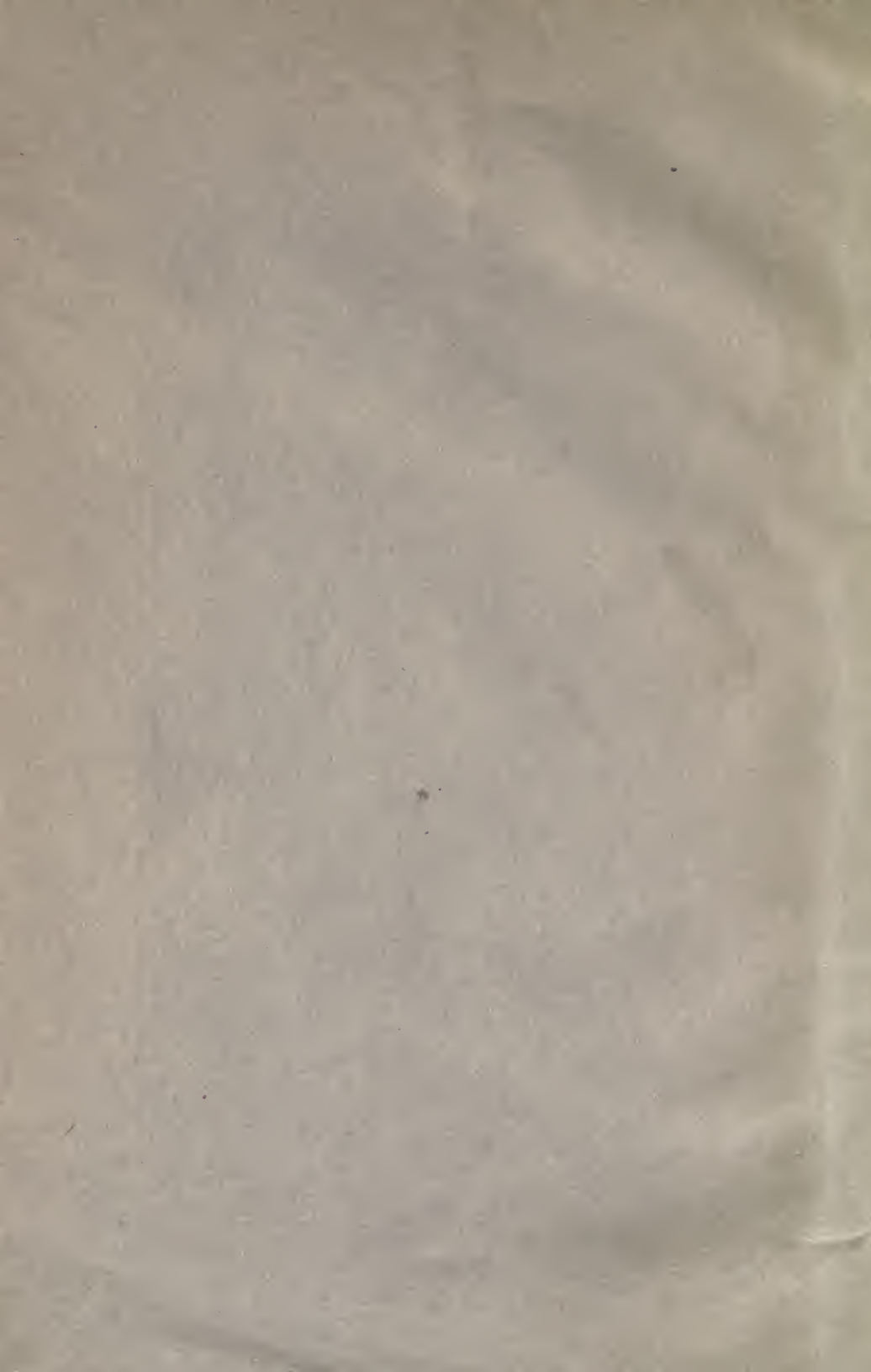
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History of the
Telephone and Telegraph
in the
Argentine Republic

1857—1921

By
VICTOR M. BERTHOLD
of the
American Telephone and Telegraph Company

NEW YORK
Nineteen Twenty-one



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ARGENTINE REPUBLIC

GENERAL DATA

Area: 1,153,418 square miles

Population: 10,000,000*

Capital: Buenos Aires. Population 1,900,000*

STATE TELEGRAPH

Origin and Development until 1875

It is a singular fact that Argentina possessed cable communication with the outer world before it had practically any land telegraph. This anomaly is due to the fact that a corporation, known as the River Plate Telegraph Company, was formed to work a 15-year concession which had been granted to Messrs. John Proudfoot and Matthew Gray of London on December 10, 1864, and which provided for a land and submarine line from Buenos Aires to Montevideo (Uruguay). This line was opened to the public November 30, 1866.

The honor of being the pioneer of the land telegraph belongs to the Western Railway of Buenos Aires. Being of an experimental character, the telegraph line had an extent of only 6 miles. Service commenced August 30, 1857. In passing, it is of interest to note that this Western Railway was itself the first railroad constructed in the country.

The next telegraph line, built in 1868, was due to

*Estimate for 1919

the enterprise of the Province of Buenos Aires, and connected the cities of Buenos Aires and Rosario.

Up to 1869 the Government had not taken any steps towards the construction of a National telegraph system. The active development of the National telegraph commenced, however, in 1869, under the presidency of Dr. Domingo Faustino Sarmiento, a keen statesman who recognized that the future commercial and industrial expansion of the country demanded most of all means of rapid telegraphic communication between the different parts of the vast, undeveloped territory. So thoroughly convinced was Dr. Sarmiento of the urgent need of the electric telegraph that he is said to have used appropriations, provided in the Budget for other purposes, to carry out his favorite project. It is related that, being asked by one of the Deputies for his authority to use funds appropriated for the construction of "Bridges and Roads" for the building of telegraph lines, Dr. Sarmiento vindicated himself by replying that he had used the money in building "the bridge of the word." To hasten the work he obtained the services of a European telegraph engineer, who laid the foundation of the future National telegraph system.

That the year 1869 was officially recognized as the starting point of the National telegraph is substantiated by a citation from the Memoria of the Minister of the Interior for the year 1878. Commenting on the development of the telegraph, he wrote:

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“Cuando en 1869 se firmaron los primeros contratos para el establecimiento del telégrafo nacional, nada creía en la realización de este hecho que hoy he pasado ya a ser un incidente ordinario de la vida de este pueblo.”

(When in 1869 the first contracts were signed for the establishment of the National telegraph, no one believed in the realization of the project which to-day is an ordinary occurrence in the life of our people.)

The first section of the national telegraph line, connecting the cities of Rosario and Paraná, was opened to the public September 10, 1870. The line was built at an expense of 64,500 pesos fuertes. The rate for a telegram of 10 words varied, according to distance, from 25 centavos to one peso.

Shortly thereafter telegraphic communication was established between the capital and the cities of Mercedes, Carmen, Salto, Rojas, Pergamino, and San Nicolas.

The following list shows the date of the inauguration of the national telegraph lines in the various provinces of the Republic:

Provinces	Date of Inauguration	Length of Line from Buenos Aires
Entre Ríos	September 10, 1870	535 km.
Santa Fé	September 10, 1870	510 “
Buenos Aires	March 10, 1871
Córdoba	May 4, 1871	671 “
Santiago del Estero	November 16, 1871	1189 “
Tucuman	November 16, 1871	1374 “
Corrientes	December 1, 1871	1189 “
Catamarca	October 10, 1872	1404 “
Salta	October 18, 1872	1705 “
Jujuy	November 14, 1872	1789 “
Rioja	December 19, 1872	1555 “

During the year 1870 the first subfluvial cable was laid through the Paraná River, and connected the provinces of Santa Fé and Entre Ríos.

In 1871 the Compañía del Telégrafo Trasandino (to-day the Central & South American Telegraph Company) constructed the first international telegraph line between Villanueva (Province of Córdoba) and Valparaiso (Chile).

On June 8, 1872, a concession was granted to Lamas & Company to connect the city of Buenos Aires with Rio de Janeiro (Brazil) by means of a submarine and subfluvial cable, the concession providing that the Government could take over the line after 10 years.

The law of October 5, 1872 (No. 572) authorized the President to take 102,000 pesos from the State revenue for the construction of a telegraph line between Buenos Aires and Córdoba and another line between Rosario and Santa Fé.

In August, 1874, Argentina came in to telegraph communication with Europe. The route was via the River Plate Telegraph Company's system to land line extending from Montevideo (Uruguay) to the Brazilian land lines at Yaguaron, from there to Rio Grande, and from Rio Grande by submarine cable via Pernambuco to Europe.

The first legislative act referring to the electric telegraph is recorded in the year 1857. A proposition had been submitted to the Government by

Don Jacinto Feires de Robira which provided for the building of electric telegraphs between various points of the Federation. After due deliberation, Congress, by Law No. 120 of August 12, 1857, declined Robira's offer. The next telegraph legislation dealt with the linking up of the capital with the Republic of Chile (Law No. 191 of September 22, 1866). Article 1 authorized the President to sign a contract for inter-connecting Buenos Aires with Chile. In Article 3 the Government promised to pay to the contractor, for a period of 12 years after the line was finished, 8% annually on the total capital investment, which was estimated at 200 pesos fuertes per mile.

The Memoria of the Minister of the Interior for the year 1874 furnishes the earliest statistics relating to the telegraph traffic over the national lines:

1870.....	6,640 telegrams
1871.....	61,429 "
1872.....	181,773 "
1873.....	170,823 "

The total extension of the telegraph lines is given as 4,146 kilometers, and the number of public telegraph offices as 58.

Growth and Extension 1875-1890

Up to the year 1875 the Argentine telegraph had developed without any definite governmental policy regarding the regulation of the business. As a result of this oversight on the part of the government, pro-

vincial, railway, and private companies' lines were built, which were not infrequently a menace to public safety. Telegraph Law No. 750 of October 7, 1875, remedied this situation. The introductory paragraphs declare that the telegraph is a Government monopoly, and that all lines interconnecting a federal territory with one or more provinces are to be considered national telegraph lines. Likewise, lines connecting one province with another, and lines that place any point within the territory of Argentina in connection with a foreign state, are considered national telegraph lines. Provincial governments are permitted to construct telegraph lines within their territory without first obtaining permission from the Federal Government, but they must respect all concessions granted by the latter to private companies. Thereafter, no telegraph line except railroad telegraphs may be constructed within the territory of the Republic without the sanction of the National Government, or in case of a special concession, without sanction of Congress. Private companies cannot furnish a public telegraph service unless they have obtained authority from Congress. Such companies are forbidden to transfer their concessions without the approval of the Government or Congress. Article 74 places the general management of the National telegraph in charge of a Director General of Posts until a law has been enacted organizing the "Oficina General de Comunicaciones." Article 141

permits the renting of the national telegraph lines to the public for the direct exchange of communications (*para usarlas en conversación*). Article 146 prescribes that persons desiring to exchange direct telegraphic communications should present themselves at their respective telegraph offices where they shall give and receive orally the message. This law of 1875 took effect in February, 1876, in accordance with a decree signed January 3, 1876, which made it mandatory on the part of the Director General of Posts to prepare immediately general rules governing the National telegraph.

The progress of the National telegraph since 1869 is commented upon in the Memoria for 1878: "In scarcely 10 years we have succeeded in linking up by telegraph the most distant points of the National territory, and we have now in operation 6,000 kilometers of telegraph line."

It will be recalled that the law of 1875 permitted the provinces to create their own telegraph systems. Naturally the Province of Buenos Aires was the first to make use of this privilege, the next being Entre Ríos. Evidence of the rapid development of these provincial lines is contained in the "Anuario Estadístico" of the Province of Buenos Aires for 1883, which chronicles the following data:

Total kilometers of telegraph wire in Argentina. . . .	15,671
Of these were in the Province of Buenos Aires. . . .	6,379

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i.e. National.....	1,613 km.
Provincial.....	3,585 “
So. Railroad.....	1,023 “
Ensenada Railroad.....	56 “
Northern Railroad.....	21 “
Campana Railroad.....	81 “

By the end of 1883 the Province of Buenos Aires was connected by telegraph with all other provinces of Argentina, and by transatlantic cable with the Continent of Europe.

In 1887 the Government granted an important concession to D. S. Buratovich to interconnect telegraphically Buenos Aires with Montevideo (Uruguay).

During 1888 the Argentine Government exchanged notes with various South American republics in regard to becoming a member of the Convención Telegráfica Internacional, and on January 1, 1889, joined this convention. The Memoria of the Minister of the Interior for that year contains the first Informe, or Annual Report of the Director General of Telegraphs, Dr. R. J. Carcano. This report was addressed to the Minister, and was transmitted by the latter to the National Congress.

At the end of 1899 the National telegraph system had grown to 20,330 kilometers of line, with 45,300 kilometers of wire. Altogether, 5,854,900 telegrams had passed over the lines, of which 3,318,000 were paid messages.

During 1890 the Telegraph Administration signed an important contract with Emilio Bieckert & Co.,

which provided for laying a submarine cable between Argentina and Europe. The specifications required that the cable should be led up on Ascension Island and terminate in the city of Marseilles. The contract, signed July 12, 1890, also stipulated that the work should be finished within 30 months, and that the rate for an ordinary message should be 5 francs per word. Under the terms of the agreement Bieckert & Co. are permitted to transfer this concession to a private company. Article 16 provides that for 20 years dating from the inauguration of the cable service Argentina should pay either to Bieckert & Co., or to their successor, 5% annually, as interest upon the capital investment of 11,000,000 pesos gold, and should pay such interest even though the original capital were increased. Article 20 stipulates that 99 years after the inauguration of the service the cable with all its accessories shall become the property of the Government, without any further payment, and that the cable must be handed over in perfect working condition.

Reconstruction and Development since 1890

Having traced so far the development of the National telegraph, it is timely to inquire about the administration of the service. In the Memoria of 1891, under the chapter "Line Construction," the Director General of Posts and Telegraphs, Dr. Estanislao Zeballos, informs the Minister of the

Interior that the entire telegraph plant needs complete reconstruction. Referring to the period 1888-1890, he writes:

"There has never been any accounting of the telegraph service, there are no ledgers, and such books as have been kept do not deserve that term. Moreover, they are full of mistakes and grave errors. A careful search instituted under my direction has revealed a mass of defraudations, and for this reason, commencing September 1, 1891, we have opened an entirely new set of books."

In view of this official and uncontradicted information, it is plainly useless to inquire into the financial results of the National telegraph from its inauguration to the close of 1890.

Of still greater importance than the absence of proper methods of accounting, and bearing more directly upon the efficiency of the service, is the physical condition of the plant. During the early period of construction, however faulty may have been either the material employed or the method of erecting the lines, there were no serious complaints in the annual reports; but by 1892 by far the greater part of the plant had deteriorated to such an extent that immediate reconstruction became imperative. Quoting from the 1892 Memoria: "The bad condition of our lines is due to lack of systematic development and insufficient repairs."

In the subsequent years the public demand for

better telegraph facilities became so urgent that on September 2, 1905, the Legislature enacted Law No. 4641, which authorized the construction of numerous new lines to connect the capital with important commercial centers. Notwithstanding this legislation, 6 years later, according to the report of the Telegraph Director for 1911, less than one-half of the contemplated number of lines had been built. Moreover, the Director stated in his report that the greater part of the existing lines were in an exceedingly bad condition. Four years thereafter the same official, reporting to the Minister of the Interior, called attention to the fact that though 10 years had passed since the Government had been advised of the serious condition of the lines, very little had been accomplished. He wrote:

“I think it is sufficient to refer to the projects submitted to you in 1912 and 1915. The first covered a vast plan of reconstruction and consolidation of the principal national lines at an expenditure of pesos 6,337,270 m/n, but after a lapse of 4 years matters remain as heretofore. The second project, submitted to the consideration of Congress July 14, 1915, did not contemplate the reconstruction of all main lines, but only the replacement of such as demand immediate attention. The estimated expense was pesos 1,226,900 m/n. Though favorably reported on by the Committee of Congress, so far it has not reached the House of Representatives. . . .

The consolidation of the telegraph plant, a work that daily becomes more difficult on account of the progressive deterioration of the lines, requires the decisive and immediate attention of the legislative bodies, and needs a vast expenditure of money far beyond the means at the disposal of this Department."

The 1917 Report of the Director of Telegraphs mentions the bad condition of the telegraph lines in Patagonia: "cuyo estado es realmente deplorable;" while in the 1918 Report the Director devotes an entire chapter to the unsatisfactory condition of the National telegraph:

"I have stated in my last year's report that the volume of telegraph service has considerably increased, despite the general bad condition of our lines partly due to the difficulty we have in procuring the necessary material and to insufficient budget appropriations, and also to strikes of the personnel, all of which have not only prevented the building of proposed new lines, but also the general repair, renovation, and addition to our telegraph wire, needed especially for our southern lines. . . . Our telegraph plant at present amounts to approximately 40,000 kilometers of line, with 100,000 kilometers of wire. These figures, which by themselves are impressive, become far more so if it is remembered that the 40,000 kilometers of line are strung over an area of about 3,000,000 square kilometers."

That this bad condition of the lines did not im-

prove during 1919, but on the contrary became worse, is obvious from the following paragraph taken from the 1919 Report:

“The task of the Telegraph Administration has been a difficult one, due to the unavoidable necessity of attending to imperative demands with insufficient budget appropriations. If we may claim a certain degree of success, despite such drawbacks, it is nevertheless plain that, notwithstanding the work that has been accomplished, the problem of telegraph communication has assumed a still graver aspect as the increase in our traffic has gone on, hand in hand with the deterioration of the telegraph lines, which are in a condition that excludes further temporary repairs without loss of their carrying capacity. We therefore find ourselves confronted by a yet more serious and complicated situation than that existing last year, which is easily understood because to the existing troubles have been added those of an increased volume of traffic that cannot be refused nor turned aside without jeopardizing the most valuable business interests of the country.”

TELEGRAPH RATES

As 29 laws have been enacted from 1872 to 1919 concerning telegraph rates, only a few of the most important are noted below:

1. *Law No. 573 (Oct. 9, 1872)*. Rates for year 1873: 25 centavos for every 10 words or fraction thereof.

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2. *Law No. 823 (Oct. 13, 1876)*. Rates for year 1877: 30 centavos for first 10 words; for each subsequent 10 words or fraction thereof 20 centavos.

3. *Law No. 905 (Oct. 13, 1877)*. Rates for year 1878: 40 centavos for first 10 words; for each additional 10 words or fraction thereof 20 centavos.

4. *Law No. 1361 (Jan. 18, 1883)*. Rates for year 1884: Ordinary message: 4 centavos per word for the first 10 words and 2 centavos for each subsequent word. Address and name free.

Urgent message: 12 centavos per word for the first 10 words and 6 centavos for each subsequent word.

Telegraph conferencias: 5 pesos for the first 15 minutes and 1 peso for each subsequent period of 5 minutes.

5. *Law No. 1730 (Oct. 3, 1885)*. Rates for year 1886: For an ordinary message not exceeding 5 words, 20 centavos; for each additional 5 words, 4 centavos per word. Name and address free.

6. *Law No. 3891 (Dec. 30, 1899)*. For an ordinary telegram over the national lines (or over the lines of provincial governments, railways and private companies that have joined the Argentine Convention), the rate is 5 centavos per word for the first 10 words and 3 centavos for each additional word.

Special tariffs apply to urgent messages, telegraph conferencias, etc.

Similar telegraph rate laws were enacted between 1900 and 1915; but in the latter year the Administration decided to make a radical change, based upon a careful study of the number of words contained in an ordinary telegram, paid for at the rate of 50 centavos* (21.2 cents). It appeared that of 100 messages taken as the unit of comparison, 84 contained the maximum admissible number of words

*One paper peso = \$0.425 U. S. currency.

under the above rate, notwithstanding the fact that in 66 the number of words could have been considerably reduced without affecting the clearness of the message. From this test the Administration reached the conclusion that, in the interest both of more efficient service and of increased revenue, the former telegraph tariff should be changed by adopting a basic charge plus a word tax. Consequently, a new tariff law was submitted to the Argentine Congress, calling for a basic charge of 30 centavos (12.7 cents) per telegram, plus 4 centavos (1.7 cents) for each word, the new rates to become effective January 1, 1916. After prolonged deliberation Congress, on July 6, 1920, enacted Law No. 11025, which, as it is the present Telegraph Rate Law, is inserted here in full:

“*Art.* 10. The rates for domestic telegrams over all lines declared to be national lines in accordance with the law of 1875, also for messages over lines of private companies that have joined the Argentine Telegraph Convention, shall be as follows:

1. ORDINARY TELEGRAMS: A fixed charge of 20 centavos plus 5 centavos for each word, counting text, signature and address.

2. URGENT TELEGRAMS: A fixed charge of 20 centavos plus twice the rate per word charged for an ordinary message.

3. ACKNOWLEDGMENT OF RECEIPT: 50 centavos additional.

4. MULTIPLE TELEGRAMS: In addition to the ordinary date for the proper class, a fixed charge of 50 centavos for each address less one.

5. RETRANSMISSION OF TELEGRAMS: A fixed

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charge of 20 centavos and as many times the ordinary rate as retransmissions are required.

6. TELEGRAPH AVISOS: A fixed charge of 20 centavos and twice the ordinary rate for each address.

7. COLLECT MESSAGES: A fixed charge of 20 centavos and 4 times the rate charged for an ordinary telegram.

8. COLLECT URGENT MESSAGES: A fixed charge of 20 centavos and 6 times the rate charged for an ordinary telegram.

9. MESSAGES IN CODE OR CIPHER: A fixed charge of 20 centavos and 4 times the rate charged for an ordinary telegram.

10. URGENT MESSAGES IN CODE OR CIPHER: A fixed charge of 20 centavos and 6 times the charge for an ordinary telegram.

11. MESSAGES IN FOREIGN LANGUAGE: A fixed charge of 20 centavos and twice the charge for an ordinary telegram.

12. ABBREVIATED OR CODE ADDRESSES: For each address registered 10 pesos for 6 months.

13. TELEGRAPH CONFERENCIAS (conversations): For the first 15 minutes, 20 pesos; for each subsequent 5 minutes, 5 pesos; after one hour, 10 pesos for each additional 5 minutes.

14. COPIES OF TELEGRAMS: 1 peso for each copy of 100 words or fraction thereof.

15. DUPLICATES OF RECEIPT OF CHARGE OF TELEGRAM: 20 centavos for each duplicate.

16. EXPRESS CITY MESSAGES: Up to 20 words, counting address and signature, 50 centavos. With pre-paid answer, 1 peso.

17. LETTER TELEGRAMS: Up to 50 words, including address and signature, 1 peso; up to 100 words or fraction beyond 50 words, 1.50 pesos, the maximum number of words not to exceed 200.

“Art. 11. Telegrams to and from places outside the

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country, 8 centavos gold* for each word sent over the national lines as designated in the law of 1875.

“Art. 12. Press Telegrams containing news of public interest or destined for stock exchanges or commercial centers pay 50% of the rate charged for an ordinary telegram.”

RAILROAD TELEGRAPH

By the Telegraph Law of 1875 railroad companies were permitted to furnish a limited telegraph service to the public, provided they had obtained permission to do so from the Government. By the end of 1881 the railroad telegraph lines represented 22% of the total of 11,884 kilometers of telegraph lines in the Republic, and at the close of 1919 this figure had increased to 54%, *i. e.*:

Railroad Telegraph.....	144,532 km.	54%
Government Telegraph.....	100,065 “	37%
Provincial Telegraph.....	13,589 “	5%
Private Companies.....	10,677 “	4%
Total.....	268,863 km.	100%

Until the year 1907 the Government had been extremely liberal in granting concessions to railroad and private telegraph companies, and had received but little benefit in return. Moreover, although the law of 1875 stipulated that the railroads, in lieu of their concessions, should have one conductor strung on the poles along the road-bed for the use of the Government, many of the companies refused to comply with this stipulation, and openly transgressed

*One gold peso = \$0.965 U. S. currency.

other important obligations. As a result of this attitude on the part of the railroads the Legislature passed the "Ley Mitre" (Law No. 5315) on September 30, 1907, which provided that thereafter all railroad companies which received additional concessions for the extension of their main lines must string one extra conductor parallel to their road-bed and hand over this wire gratuitously to the Government, to be operated as a part of the National telegraph. Up to December 31, 1915, the National telegraph system had received 5,293 kilometers of telegraph wire from the railroad companies without any expense whatever to the Government.

STATE TELEPHONE

Local Service

While the Government has at no time attempted to install urban exchanges, it has used the telephone, at least to some extent, as an auxiliary to the telegraph. To quote from a letter written by the Director General of Posts and Telegraphs, in 1914: "The Government of Argentina has never exploited the telephone service." There are, however, a number of privately built telephone lines whereby State telegraph offices are connected with business houses and private residences. None of these lines exceed 30 kilometers in length, and in accordance with Article 12 of the Decree of 1912 they become the

property of the Government after 30 years, without any compensation to the former owner. The building of these private telephone lines at the expense of the petitioner was authorized by the law of 1911 (No. 8876). The method of constructing them was prescribed in the Presidential Decree of November 27, 1912.

From statistics published in the *Anuaire Statistique de la Province de Buenos Aires* for 1885, it appears that the Telegraph Department had connected the capital by telephone with several suburban towns, such as Flores, Belgrano, Quilmes, and others. These statistics also show that five telephone offices had been opened to the public, and that the monthly subscription charged for service was pesos 8.50 m/n (\$3.60). The total number of subscribers was 105, and they were served by 8 employees. This, however, seems to have been the first and only venture of the Government into the field of local telephone service.

On March 3, 1883, the Government issued a decree which provided that the telephone, meaning thereby the construction of lines and furnishing of service, should be subject to the enactments of the Telegraph Law of 1875 until a special law had been passed. Subsequently, the Department of the Interior instructed the Department of Police to supervise the construction of telephone lines, and at the same time requested the Director General of Tele-

graphs to prepare and issue rules and regulations governing the telephone service. A "Reglamento General de Teléfonos" appeared February 7, 1902, which prescribed the rules applying to service over private telephone lines. Thereafter the Government restricted itself to the granting of concessions and the general supervision of the private companies furnishing a local or interurban telephone service.

Long Distance Service

The first international long distance telephone concession was granted on December 30, 1889, to D. Daniel MacKinley, and provided for the construction of a line to be used for the transmission of telegraph messages and telephone conversations between Buenos Aires and Rosario. Article 4 stipulated that the rate for the "transmission of the voice" should be fixed in accordance with the provisions of the Telegraph Law of 1875. This concession is mentioned because, by decree of July 11, 1900, it was transferred to the "Compañía Telegráfico-Telefónica del Plata," a company with a share capital of 500,000 pesos, which was organized in 1887, and received its charter on March 14, 1888. This company has been the object of bitter complaints by the various Director Generals of Posts and Telegraphs, on account of its persistent abuse of the privileges granted by its concession.

During the early period of the introduction of the

telephone the Government freely granted concessions, but this attitude changed completely in later years, as is shown in the chapter dealing with Private Telephone service. The following paragraph, quoted from the Annual Report of 1910-1911 of the Director General of Posts and Telegraphs to the Minister of the Interior, gives the Director General's reason for advocating a change in the Government's policy regarding the granting of concessions. "The above considerations lead me to think that hereafter the Government should be very sparing with the grant of telephone concessions to private companies, because the latter, though careful in living up to their obligations, always put their own interests first, interests that are generally incompatible with the nature and aims of this public service. Monopolization by the Government of electrical means of communication is, doubtless, the future solution of this subject." These comments were based on continued transgressions of the above mentioned "Compañía Telegráfico-Telefónica del Plata." This company operates a direct long-distance telephone line between Rosario and Montevideo (Uruguay).

In various other reports addressed to the Minister of the Interior, the Director General of Telegraphs continued to voice and emphasize the danger of competition by privately built long-distance telephone lines with the National telegraph. This apprehension gradually led the Government to adopt a policy

of preventing a normal extension of privately constructed long-distance telephone lines. In this respect the most drastic measure taken by the Government was the so-called "Castillo" law of 1912, which declared that any inter-state telegraph or telephone line thereafter constructed should revert to the Government after 30 years, without compensation to the licensee, a provision that retarded the expansion of the existing lines, and also prevented any new construction. Fortunately, this law was repealed March 16, 1920.

The latest development touching the situation is a draft of a law dated September 3, 1920, submitted to the Minister of the Interior by the Director General of Posts and Telegraphs, which contains the following preamble: "As the Presidential Decree of March 16, 1920, has suspended all former laws relating to the operation of public telephone service by private companies, the Director General considers it indispensable that bases should be established to govern concessions for public telephone service, and for this reason, after a careful and extensive study, submits a draft of law in the hope that it may meet with the approval of the Minister of the Interior."

Article 15 bars the granting of telephone exchange licenses in localities where there exists an exchange operating under a prior license. Article 32 states that concessions are granted for a term of 50 years, commencing with the date of the signing of the de-

cree by the Executive Power. At the expiration of the license, the local exchange, lines, and all accessory apparatus that may have been added—all in perfect working condition—shall become the property of the State without any compensation. The full text of the proposed legislation is given at the close of this paper. Up to May, 1921, the Government had taken no action in the matter.

PRIVATE TELEPHONE

Concessions Granted 1881 to 1913

The reluctance of the Government to enter the telephone field is the reason that the Argentine Republic leads all South American countries in the number of private telephone companies and telephone users. On January 1, 1920, there were about 111,000 telephones in use in the Republic, or 42% of the total telephones in South America.

Local telephone service began in 1881 by the grant of three concessions: the first, March 2, 1881, to the Compañía de Teléfonos Gower-Bell; the second, April 5, 1881, to the Compañía de Teléfonos Graham Bell; the third, April 19, 1881, to the Compañía Pan Teléfono de Loch. The last mentioned company started the first telephone exchange in the city of Buenos Aires in May, 1881, the exchange being known as "La Minerva." In the same year the Gower-Bell Company, represented by B. D.

Manton, formed the "Bolsa Telefónica," also in the capital, with 34 subscribers.

In July, 1882, the Director General of Posts and Telegraphs, with the consent of the "Comisión Municipal" of the capital, issued a decree authorizing O. Straube "para establecer oficinas telefónicas" in Buenos Aires; but in the absence of any additional data it is not known if any actual work was done under this concession. In the following year the Pan Teléfono company amalgamated with the Gower-Bell, the new company adopting the name of "Compañía Unión Telefónica." The Compañía Unión Telefónica continued to operate until 1886, when it was taken over and reorganized by English capitalists. The reorganized company was incorporated under the name of "The United River Plate Telephone Company, Limited," the largest telephone company in Argentina. At the beginning of 1920 this company operated about 70% of all telephones in the Argentine Republic.

In regard to the early period of telephone development in Argentina there seems to be a total lack of statistical or other information, largely due to the fact that the telephone companies were private undertakings that jealously guarded their interests. For the earliest publication of telephone statistics we are indebted to the "Anuaire Statistique de la Province de Buenos Aires, 1896," which data, on ac-

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count of their historical value, are quoted here in their entirety:

Name of Company	Capital (Pesos)	Wire Length (Kilo.)	Offices	Sub- scribers
Unión Telefónica del Rio de la Plata.....	2,201,000	4,600	32	7,000
Cia. Telegráfico-Telefónica del Plata.....	500,000	573	6
Cia. Telefónica de la Province de B. A.....	335,000	1,150	13	500
Sociedad Cooperativa Telefónica	50,000	471	4	111
Telefónica de San Nicolas.....	30,000	10	1	15
Cia. Telefónica de Mercedes	20,000	2
	3,136,000	6,806	56	7,626

Up to the year 1913 the Argentine Government possessed no general data concerning the telephone development of the country. In 1913, however, at the instance of Sr. Ricardo Pillado, the Director General of Telegraphs, a Telephone Census was ordered. The statistics are published in *Boletin No. 16, Teléfonos*, and cover the year 1912. This report shows that, from 1882 to 1912, the Government had granted concessions to 71 companies, *i. e.*:

1882.....	1	1903.....	3
1885.....	3	1904.....	1
1886.....	2	1905.....	6
1887.....	3	1906.....	4
1888.....	2	1907.....	6
1889.....	1	1908.....	3
1896.....	1	1909.....	4
1899.....	1	1910.....	6
1900.....	3	1911.....	1
1901.....	2	1912.....	2
1902.....	3		— 58
Railroad Companies (furnishing telephone service).....			13
			<u>71</u>

At the close of the period covered by the Census (1912) the total capital invested in the telephone service by the operating companies amounted to pesos 34,750,000 m/n (\$14,700,000), the extent of wire was 297,000 kilometers, the number of subscribers 54,777, and the number of employees 4,494.

Legislation of 1904

Until the year 1900 neither the private telephone companies nor the recently opened radiotelegraph installations had been made the subject of special legislation. In fact, the only law applicable to electric communication continued to be the Telegraph Law of 1875. To remedy this situation the Minister of the Interior in 1900 prepared a draft of a new law for the consideration of the National Congress. He commented upon the proposed law in his Memoria for the year 1901 as follows:

“A draft of law is now before the Legislature by which the terms of the General Telegraph Law are made to include all private telephone and radiotelegraph companies. Our first telegraph law, written as it was in 1875, could not specifically include in its dispositions the telephone and radiotelegraph, both of which are merely improved forms of electrical communication. All our administrative measures, such as the stipulations inserted in the concessions or contracts, leave the Government without sufficient power to properly control and regulate companies in the

interest of an improved public service, and even in the very interest of the operating companies. Indeed there are some telephone systems supplying a public service without proper administrative supervision. Moreover, several of these companies interconnect various provinces, or connect through their system with the capital, and even with a foreign state. While waiting for the passage of the new law the Department is engaged in a study of the best means to solve the problem of telephone communication in harmony with the interests affected thereby."

However, it was not until September 17, 1904, that the Legislature finally passed this proposed legislation, at which time it was approved as Law No. 4408. Article 1 reads: "It is hereby enacted that the disposition of the Law of October 7, 1875, concerning the National telegraph shall apply equally to companies furnishing either a telephone or radio-telegraph service connecting a federal territory with a province, two provinces with one another, or any point within the country with a foreign state."

The recent policy of the Argentine Government, which aims at the acquisition of telephone trunk lines, was mentioned in the last chapter, and is discussed at length in the Report of Proceedings at the 27th Ordinary General Meeting, April 29, 1913, of The United River Plate Telephone Company. The report for the following year shows that the Government so far relaxed its policy as to permit an increase

in the number of circuits to any towns where the Company was already established, provided the company showed that the traffic demanded such an increase.

The history of the telephone service in Argentina would be incomplete without a synopsis of the two most important companies having their headquarters in the capital, *i. e.*, "The United River Plate Telephone Company, Ltd." and the "Sociedad Co-operativa Telefónica."

THE UNITED RIVER PLATE TELEPHONE CO., LTD.

The United River Plate Telephone Company, Limited, is an English corporation, registered in London, December 17, 1886. It was formed to amalgamate the businesses in the Argentine Republic of the River Plate Telephone and Electric Light Co., Ltd., and the United Telephone Co. of River Plate, to each of which 8,000 fully paid shares were issued.

On March 31, 1912, the amount of capital stock was as follows:

Authorized (300,000 shares of £5 each)	£1,500,000
Issued:	
40,000 Preference Shares (£5 each)	200,000
230,000 Ordinary Shares (£5 each).	1,150,000
	£1,350,000

In the year 1912 the capital of the Company was

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increased to £2,000,000. During 1921 it is proposed to again increase it to £2,500,000.

While its main field of activity has been in the city of Buenos Aires and suburbs, the Company has devoted considerable attention to installing telephones in the Provinces of Buenos Aires, Santa Fé, and Córdoba. The progress of the Company since 1909 is shown by the following statistics:

	1909	1919
Number of exchanges.....	80	140
Number of stations.....	28,792	78,171

The latest Annual Report published by the Company gives the value of its plant as £3,362,000. Prior to the World War the annual capital expenditure was between £300,000 and £400,000, but since 1914 it has averaged only about £100,000 per year. Due to the inability of obtaining telephone apparatus from Europe, the Company had in June, 1920, over 5,000 applicants for service on its waiting list.

Of the total number of telephones in use in the Argentine Republic on January 1, 1920, The United River Plate Telephone Company, Ltd., operated about 70%.

The city of Buenos Aires has imitated the city of New York as regards the construction of skyscrapers, and this has necessitated the installation of Private Branch Exchanges. Thus as early as July, 1911, the Directors reported: "We have already installed in

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Buenos Aires 73 Private Branch Exchanges, controlling 2,114 instruments, and month by month we keep adding to this number with satisfactory results to all concerned."

Automatic systems have been installed in the cities of Córdoba and Rosario, and during 1921 the Company expects to open several exchanges of the Strowger type in Buenos Aires.

Year	Number of Stations	Year	Number of Stations
1900.....	8,089	1910.....	34,540
1901.....	8,484	1911.....	40,325
1902.....	8,680	1912.....	47,326
1903.....	9,542	1913.....	53,792
1904.....	12,402	1914.....	54,439
1905.....	15,573	1915.....	56,582
1906.....	18,494	1916.....	60,568
1907.....	21,042	1917.....	65,788
1908.....	23,861	1918.....	72,005
1909.....	28,792	1919.....	78,171

SOCIEDAD COOPERATIVA TELEFONICA

Shortly after the amalgamation of the telephone companies that furnished service in Buenos Aires (1883), a number of business men, believing that the result of the amalgamation would be the virtual establishment of a monopoly with a consequent heavy increase in rates, started a movement towards the formation of a cooperative telephone association. The leader, David H. Atwell, issued a prospectus

January 8, 1887, advocating the incorporation of such an association, with a Share Capital of pesos 200,000 m/n, divided into shares of pesos 20 each, and on January 11, 1887, a list was published of the persons who had promised to take shares. On January 14 a provisional Board of Directors was formed, consisting of Messrs. Diego Ramsay, Remigio Tome, Carlos Zorraquin, Felipe Schartz, and Carlos Caranza. A general meeting of the shareholders took place February 5, 1887, at which meeting the Association formally chose its officers, Carlos Zorraquin being elected President. The statutes of the Association were approved March 17, 1887, and by vote of the shareholders the officers were instructed to proceed with the construction of an exchange in the capital. During 1888 the first subscribers' lines were connected up. Due to the financial strain prevailing in Argentina during 1889 and 1890 the new Association did little further work.

The first subscribers' catalogue which appeared in June, 1888, contained the names of 735 subscribers. By June 30, 1913, the number had increased to 7,328, with 19,219 miles of telephone wire. The Authorized Capital was pesos 2,500,000 m/n, of which 1,775,000 pesos had been issued.

On June 30, 1920, the Issued Capital stood at 2,122,000 pesos, and the total plant investment had increased to pesos 3,732,000 m/n. The number of subscribers was 8,062.

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June 30	Number of Subscribers	June 30	Number of Subscribers
1890.....	1,659	1906.....	4,701
1891.....	1,500	1907.....	5,349
1892.....	1,516	1908.....	5,790
1893.....	1,822	1909.....	6,164
1894.....	1,900	1910.....	6,779
1895.....	2,099	1911.....	7,162
1896.....	2,207	1912.....	7,295
1897.....	2,354	1913.....	7,328
1898.....	2,366	1914.....	6,940
1899.....	2,636	1915.....	6,285
1900.....	2,890	1916.....	6,057
1901.....	2,843	1917.....	6,251
1902.....	2,762	1918.....	6,628
1903.....	3,263	1919.....	7,293
1904.....	3,573	1920.....	8,062
1905.....	4,065		

Proposed New Law Governing the Issuance of Concessions for Public Telephone Service

(Translation from "Boletín Mensual de Correos y Telégrafos," Buenos Aires, September, 1920.)

Minister of the Interior:

As the Executive Power, by decree of March 16, 1920, has suspended all former laws relating to the exploitation of the public telephone service by private companies, the Director General of Posts and Telegraphs considers it indispensable that bases should now be created to govern future concessions for public telephone service, and for this reason, after a careful and exhaustive study, submits to your Ex-

cellency a proposed draft of law in the hope that it may meet with your approval.

Art. I. In future, authority for the use and working of domestic telephone lines in the Republic will be subject to the following rules:

1. All persons receiving telephone concessions bind themselves to fulfil strictly the laws and regulations enacted under the present law and thereafter to be enacted.

2. The legal residence of a concessionaire must be within the territory of the Republic.

7. A license will be granted either for private use or for public urban or interurban service. It is understood that exchange service covers service from a public telephone station in a given locality, including a rural zone, while interurban service is that furnished between stations of two or more localities.

8. A license for private use is limited to service between one or more properties of the same licensee or between the property of one licensee and another.

9. Licensees are obliged to furnish service within the locality assigned to them by installing public offices, and must also give service in any of the other localities through which their lines pass, provided that such service is requested by 20 or more subscribers in any locality.

15. No authority shall be granted for the installation of a local exchange service in places where there already exists a telephone exchange, or in places where another licensee has already received authority to install an exchange. Such authority can only be given in cases where a person who has already received a license refuses to extend or improve the service in the public interest, after being advised to that effect by the Director General of Posts and Telegraphs.

16. National licensees are entitled to connect their lines with those of other concessionaires for the purpose of giving the public better facilities, but all agreements to that effect must first be submitted by both parties for the approval of the Executive.

17. All rates must receive the approval of the Executive Power. They shall never be less than those charged by the Government over its own lines, neither can they be changed without authority from the Government, but the latter can revise them whenever it judges that necessity for such action exists.

23. No concession can be assigned, nor is a concessionaire permitted to enter into any kind of an agreement with another telephone or telegraph company without special authority from the Executive.

26. All concessions that have been granted must be registered within 90 days from the date of the concession granted by the President. Furthermore, such licenses become void if the concessionaire fails to commence work within the time specified in the license, and in that case the concessionaire also loses the guarantee deposited in favor of the State.

29. The service for which telephone lines granted under a concession may be used is exclusively for the spoken word by means of the telephone, and under no condition is the concessionaire permitted to transmit telephonograms or apply to his line any telegraph arrangements.

30. The concessionaire also obligates himself to install and maintain, free of charge, from the time of the opening of the exchange and during the entire duration of the concession, a telephone apparatus in each of the postal and telegraph offices that may be installed in the locality served by the telephone exchange.

32. Concessions are only granted for a term of 50 years, commencing with the date of the signing of the decree by the Executive. At the expiration of the license the lines, local exchanges, and all accessory apparatus that may have been added—all in perfect working condition—shall become the property of the State without any compensation whatever to the licensee.

33. The Executive may also, at any time, take over the concessions granted after an appraisal of the property.

35. The appraisal shall be made for an amount arrived

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at by arbiters for a valuation of the lines, apparatus, and accessories, in accordance with Article 6 of the National Telegraph Law (No. 750½).

Art. 2. The concessionaires of existing lines or exchanges will only be permitted to install new offices or extend their lines if they have previously agreed that the concessions under which the plants have been established shall be subject to the stipulations of the present law, it being understood that the date of the expiration of the license shall be computed for such licenses from the date of the present decree.

Art. 3. The present Rules and Regulations concerning the granting of licenses are hereby revoked if they are in opposition to the stipulations of the present law.

Buenos Aires, September 3, 1920.

TELEGRAPH STATISTICS OF THE REPUBLIC OF ARGENTINA*

(Includes National, Provincial, Railroad and Private Telegraphs)

Year	Extension of Wire In Kilometers	Number of Offices	Number of Telegrams Transmitted†	Gross Revenue In Francs†
1912.....	207,316	2,581	8,610,523	28,263,000
1913.....	228,910	2,641	8,813,252	28,300,000
1914.....	248,723	3,195	8,123,715	27,564,000
1915.....	263,414	3,608	7,607,812	26,223,000
1916.....	264,674	3,601	*8,000,000	27,156,000
1917.....	266,615	3,589	8,385,376	26,357,000
1918.....	265,071	3,613	9,330,755	30,245,000
1919.....	268,863	3,769	10,703,270	35,947,000

*Telegraph Statistics furnished by the Director General of Posts and Telegraphs, Buenos Aires.

†Paid Domestic and International messages only, excluding transit messages.

†Revenue from Domestic and International messages, excluding miscellaneous receipts.

*Estimated.

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